

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MACKEL MALM, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

STMICROELECTRONICS N.V., JEAN-
MARC CHERY, and LORENZO GRANDI,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Mackel Malm (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding STMicroelectronics N.V. (“ST” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants that purchased or otherwise acquired ST securities between January 25, 2024 and July 24, 2024, both dates inclusive (the “Class Period”), seeking to recover

damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. ST, together with its subsidiaries, designs, develops, manufactures, and sells semiconductor products in Europe, the Middle East, Africa, the Americas, and the Asia Pacific. The Company serves the automotive, industrial, personal electronics and communications equipment, and computers and peripherals sectors. In the automotive and industrial sectors in particular, ST purports to "address a wide customer base [. . .] with a broad and deep product portfolio."

3. In the fourth quarter of 2023, as a result of soft automotive demand and declining orders from the industrial sector, ST reported net revenues of \$4.28 billion, missing market estimates of \$4.30 billion. In a press release announcing these results, ST explained that "[i]n Q4, our customer order bookings decreased compared to Q3. We continued to see stable end-demand in Automotive, no significant increase in Personal Electronics, and further deterioration in Industrial." However, notwithstanding the problems facing the Company's automotive and industrial sectors, ST provided optimistic full year ("FY") 2024 financial guidance. Indeed, in that same press release, ST stated that it would "drive the Company based on a plan for [FY 2024] revenues in the range of \$15.9 billion to \$16.9 billion" and a "gross margin in the low to mid-40's." Moreover, on an earnings call held to discuss the Company's Q4 and FY 2023 results (the "Q4 2023 Earnings Call"), ST's Chief Executive Officer ("CEO") Defendant Jean-Marc Chery ("Chery") claimed, in relevant part, that ST "expect[ed] significant sequential revenue growth" in 2024, "driven by a strong rebound in [the] industrial [sector]" and "continued growth in automotive and communication equipment[.]"

4. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) contrary to prior representations, demand in ST's automotive and industrial sectors continued to decline in the first half of 2024; (ii) as a result, the Company's revenues and gross margins also continued to decline during this period; and (iii) as a result, the Company's public statements were materially false and misleading at all relevant times.

5. On April 25, 2024, ST issued a press release announcing the Company's Q1 2024 results, including negatively revised FY 2024 revenue and margin projections "driven by lower revenues in Automotive and Industrial" and stating that "[d]uring the quarter, Automotive semiconductor demand slowed down compared to our expectations, entering a deceleration phase, while the ongoing Industrial correction accelerated." The press release further revealed that the Company anticipated total revenue for FY 2024 to fall within the range of \$14 billion to \$15 billion, a reduction from the prior forecast of \$15.9 billion to \$16.9 billion, and a gross margin "in the low 40's," a reduction from the prior forecast of low to mid-40's. In addition, ST's Q1 revenue experienced an 18.4% decline year-over-year, amounting to \$3.47 billion, and net sales to original equipment manufacturers ("OEMs") and through distribution channels decreased by 11.5% and 30.8%, respectively, on a year-over-year basis.

6. On this news, ST's common share price fell \$1.26 per share, or 2.96%, to close at \$41.24 per share on April 26, 2024.

7. Then, on July 25, 2024, ST issued a press release announcing the Company's Q2 2024 results, including negatively revised FY 2024 revenue and margin projections for the second time within the current fiscal year and stating that "[d]uring the quarter, contrary to our prior

expectations, customer orders for Industrial did not improve and Automotive demand declined.” The Company anticipated total revenue for FY 2024 to fall within the range of \$13.2 billion to \$13.7 billion, a reduction from the already negatively revised forecast of \$14 billion to \$15 billion, and a gross margin “of about 40%,” a reduction from the already negatively revised forecast of “in the low 40’s.” In addition, ST’s Q2 revenue experienced a 25.3% decline year-over-year, amounting to \$3.23 billion, and net sales to OEMs and through distribution channels decreased by 14.9% and 43.7%, respectively, on a year-over-year basis.

8. On this news, ST’s common share price fell \$6.07 per share, or 15.35%, to close at \$33.47 per share on July 25, 2024.

9. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

12. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). ST’s common shares trade on the New York Stock Exchange (“NYSE”), which is located in this District.

13. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited

to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

14. Plaintiff, as set forth in the attached Certification, acquired ST securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

15. Defendant ST is organized under the laws of the Netherlands with principal executive offices located at WTC Schiphol Airport, Schiphol Boulevard 265, 1118 BH Schiphol, the Netherlands. The Company's common shares trade in an efficient market on the NYSE under the ticker symbol "STM."

16. Defendant Chery has served as ST's CEO, President, and Sole Member of the Company's Managing Board at all relevant times.

17. Defendant Lorenzo Grandi ("Grandi") has served as ST's Chief Financial Officer and President of Finance, Purchasing, Enterprise Risk Management (ERM) and Resilience at all relevant times.

18. Defendants Chery and Grandi are collectively referred to herein as the "Individual Defendants."

19. The Individual Defendants possessed the power and authority to control the contents of ST's SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of ST's SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with ST, and their access to material information available to them but not to the public, the Individual Defendants knew

that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

20. ST and the Individual Defendants are collectively referred to herein as “Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

21. ST, together with its subsidiaries, designs, develops, manufactures, and sells semiconductor products in Europe, the Middle East, Africa, the Americas, and the Asia Pacific. The Company serves the automotive, industrial, personal electronics and communications equipment, and computers and peripherals sectors. In the automotive and industrial sectors in particular, ST purports to “address a wide customer base [. . .] with a broad and deep product portfolio.”

Materially False and Misleading Statements Issued During the Class Period

22. The Class Period begins on January 25, 2024, when ST issued a press release announcing the Company’s Q4 and FY 2023 results. The press release quoted Defendant Chery stating, in relevant part, “[w]e will drive the Company based on a plan for FY24 revenues in the range of ***\$15.9 billion to \$16.9 billion***. Within this plan, we expect a gross margin in the ***low to mid-40’s***.”¹

23. That same day, ST hosted the Q4 2023 Earnings Call. During the scripted portion of the Q4 2023 Earnings Call, Defendant Chery stated, in relevant part:

¹ All emphases included herein are added unless otherwise indicated.

On Q1 2024, at the mid-point, our first quarter business outlook is for net revenues of \$3.6 billion, decreasing by 15.2% year-over-year and 15.9% sequentially. Gross margin is expected to be about 42.3%.

For the full year 2024, it will be impacted in the first half, by this significant inventory correction in Industrial, ***with an expected significant sequential revenue growth in the second half.***

We expect this will be driven by a strong rebound in Industrial and in Computer Peripherals; continued growth in Automotive and in Communication Equipment and the usual seasonality in Personal Electronics.

Now let's move to our plan for the full year 2024. On Q1, 2024, at the midpoint, our first quarter business outlook is for net revenues of \$3.6 billion, decreasing by 50.2% year-over-year and decreasing 15.9% sequentially.

Gross margin is expected to be about 42.3%. For the full year 2024, we plan to invest about \$2.5 billion in net CapEx ***and we will drive the company based on the plan for full year 2024 revenues in the range of \$15.9 billion to \$16.9 billion. Within this plan, we expect a gross margin in the low to mid-40s.***

As mentioned earlier, the first half of 2024[] will be impacted by a significant inventory correction in Industrial. ***In the second half of the year, we expect significant sequential revenue growth, driven by a strong rebound in industrial and computer peripherals, continued growth in automotive and communication equipment and the usual seasonality in personal electronics.***

At the midpoint of our full year 2024 revenue indications, we expect mid-single-digit year-over-year growth in automotive. Excluding the impact of capacity reservation fees and a specific customer 2023 inventory replenishment effect, this will correspond to low double-digit year growth. ***We expect Industrial to return to high single-digit year-over-year growth in the second half of 2024 after a significant decline in the first half.***

To conclude, following several years of revenue growth and increased profitability, we see 2024 as a transition year. We are adapting our plans according to market dynamics, while continuing to execute on our established strategy and operating model, continuing to strongly focus on automotive and industrial as a broad range supplier and being selective in our approach in personal electronics and communication equipment and computer peripheral.

24. In addition, during the Q&A portion of the Q4 2023 Earnings Call, when asked to discuss what ST saw as driving the sharp rebound in the industrial sector in the second half of 2024, Defendant Chery responded, in relevant part:

By the experience, inventory correction [] last[s] four to five quarters, we can say that it has started in Q3, end of Q3, that's the reason why [] we expect that this inventory correction will end of Q2. Could be slightly extending Q3, let's monitor it[.] It's possible. ***But we are convinced discussing with our customers that this inventory correction will end, end of Q2 so that's the reason why [] we have built a plan that is backloaded for Industrial, H2 versus H1. And that's the reason why also today, our backlog visibility on Industrial is pretty low. And that's the reason why [] we have given a range of \$1 billion between \$15.9 million to \$16.9 million. But at the end, the feedback we are receiving that we are facing an inventory correction that should end in Q2 and expecting a rebound H2.***

25. On February 22, 2024, ST filed an Annual Report on Form 20-F with the SEC, reporting the Company's financial and operational results for the year ended December 31, 2023 (the "2023 20-F"). In providing an overview of the Company, the 2023 20-F stated, in relevant part:

We are a global semiconductor company that designs, develops, manufactures and markets a broad range of products used in a wide variety of applications for the four end-markets we address: automotive, industrial, personal electronics and communications equipment, computers and peripherals. ***For the automotive and industrial markets we address a wide customer base, particularly in industrial, with a broad and deep product portfolio.*** In personal electronics and communications equipment, computers and peripherals we have a selective approach both in terms of the customers we serve, as well as in the technologies and products we offer, while leveraging our broad portfolio to address high-volume applications.

26. Further, in providing an overview of the Company's strategy, the 2023 20-F stated, in relevant part:

We are focused on application areas which are expected to experience solid growth rates driven by broad, long-term trends in electronic systems. These trends require enablers such as autonomous systems, robotics, securely connected machines and personal devices, digitalization and electrification of automobiles and infrastructure, advanced communications equipment and networks and more power

efficient systems. These enablers drive in turn the demand for the electronic components we develop and manufacture.

27. Finally, in discussing the Company's product information, the 2023 20-F stated, in relevant part:

We have a portfolio of power products and analog products, including sensors, signal channel devices and output power stages - discrete and/or integrated - as well as complete power management blocks. Our analog products, including both general purpose and application specific, can fulfill the needs of a wide range of designs and systems.

We also have digital products that are at the heart of electronics systems, including microcontrollers and microprocessors, ASICs and optical sensing solutions. ***Our full set of microcontrollers and microprocessors includes one of the industry's broadest ranges of general-purpose devices serving all market segments, microprocessors addressing the industrial market,*** secure microcontrollers for mobile devices, wearables, banking, identification, industrial, automotive and Internet of Things ("IoT") markets and a series of embedded processing solutions for our strategic end-markets (automotive, industrial, personal electronics and communications equipment, computers and peripherals).

We are a top automotive semiconductor vendor supplying innovative solutions to the automotive industry worldwide. We combine an unparalleled platform of advanced technologies with an unswerving commitment to quality, and a thorough understanding of the automotive market gained through close collaboration with leading customers. Our automotive-solutions portfolio is enabling the electrification and digitalization of the car and covers all key application areas including Powertrain, Chassis, Safety and Security, including ADAS, Body Electronics, Telematics & Infotainment and Connectivity.

28. Appended to the 2023 20-F as an exhibit was a signed certification pursuant to the Sarbanes-Oxley Act of 2002 by the Individual Defendants, attesting that "[t]he information contained in the [2023 20-F] fairly presents, in all material respects, the financial condition and results of operations of the Company."

29. The statements referenced in ¶¶ 22-28 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse

facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) contrary to prior representations, demand in ST's automotive and industrial sectors continued to decline in the first half of 2024; (ii) as a result, the Company's revenues and gross margins also continued to decline during this period; and (iii) as a result, the Company's public statements were materially false and misleading at all relevant times.

30. In addition, throughout the Class Period, ST's periodic financial filings were required to disclose the adverse facts and circumstances detailed above under applicable SEC rules and regulations. Specifically, Item 303 of SEC Regulation S-K, 17 C.F.R. §229.303(b)(2)(ii) ("Item 303"), required the Company to "[d]escribe any known trends or uncertainties that have had or that are reasonably likely to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations." Defendants' failure to disclose the impact of the continually weakening demand in ST's automotive and industrial sectors violated Item 303 because this issue represented a known trend and uncertainty that was likely to have a material unfavorable impact on the Company's business and financial results.

The Truth Emerges

31. On April 25, 2024, ST issued a press release announcing the Company's Q1 2024 results. The press release stated, in relevant part:

ST reported first quarter net revenues of \$3.47 billion, gross margin of 41.7%, operating margin of 15.9%, and net income of \$513 million or \$0.54 diluted earnings per share.

[Defendant] Chery[] commented:

- "Q1 net revenues and gross margin both came in below the midpoint of our business outlook range, *driven by lower revenues in Automotive and Industrial*, partially offset by higher revenues in Personal Electronics."

- “On a year-over-year basis, Q1 net revenues decreased 18.4%, operating margin decreased to 15.9% from 28.3% and net income decreased 50.9% to \$513 million.”
- “*During the quarter, Automotive semiconductor demand slowed down compared to our expectations, entering a deceleration phase, while the ongoing Industrial correction accelerated.*”
- “Our second quarter business outlook, at the mid-point, is for net revenues of \$3.2 billion, decreasing year-over-year by 26.0% and decreasing sequentially by 7.6%; gross margin is expected to be about 40%.”
- “We will now drive the Company based on a revised plan for FY24 revenues in the range of **\$14 billion to \$15 billion**. Within this plan, we expect a gross margin *in the low 40’s*.”
- “We plan to maintain our Net Capex1 plan for FY24 at about \$2.5 billion focusing on our strategic manufacturing initiatives.”

Net revenues totaled \$3.47 billion, representing a year-over-year decrease of 18.4%. Year-over-year net sales to OEMs and Distribution decreased 11.5% and 30.8%, respectively. On a sequential basis, net revenues decreased 19.1%, 320 basis points lower than the mid-point of ST’s guidance.

32. On this news, ST’s common share price fell \$1.26 per share, or 2.96%, to close at \$41.24 per share on April 26, 2024.

33. Then, on July 25, 2024, ST issued a press release announcing the Company’s Q2 2024 results. The press release stated, in relevant part:

ST reported second quarter net revenues of \$3.23 billion, gross margin of 40.1%, operating margin of 11.6%, and net income of \$353 million or \$0.38 diluted earnings per share.

[Defendant] Chery[] commented:

- “Q2 net revenues were above the midpoint of our business outlook range driven by higher revenues in Personal Electronics, partially offset by *lower than expected revenues in Automotive*. Gross margin was in line with expectations.”
- “First half net revenues decreased 21.9% year-over-year, mainly driven by a decrease in Microcontrollers and Power and Discrete segments. Operating margin was 13.8% and net income was \$865 million.”
- “*During the quarter, contrary to our prior expectations, customer orders for Industrial did not improve and Automotive demand declined.*”

- “Our third quarter business outlook, at the mid-point, is for net revenues of \$3.25 billion, decreasing year-over-year by 26.7% and increasing sequentially by 0.6%; gross margin is expected to be about 38%, impacted by about 350 basis points of unused capacity charges.”
- “We will now drive the Company based on a plan for FY24 revenues in the range of ***\$13.2 billion to \$13.7 billion***. Within this plan, we expect a gross margin ***of about 40%***.”

Net revenues totaled \$3.23 billion, representing a year-over-year decrease of 25.3%. Year-over-year net sales to OEMs and Distribution decreased 14.9% and 43.7%, respectively. On a sequential basis, net revenues decreased 6.7%, 90 basis points better than the mid-point of ST’s guidance.

34. On this news, ST’s common share price fell \$6.07 per share, or 15.35%, to close at \$33.47 per share on July 25, 2024.

35. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

SCIENTER ALLEGATIONS

36. During the Class Period, Defendants had both the motive and opportunity to commit fraud. They also had actual knowledge of the misleading nature of the statements they made, or acted in reckless disregard of the true information known to them at the time. In so doing, Defendants participated in a scheme to defraud and committed acts, practices, and participated in a course of business that operated as a fraud or deceit on purchasers of the Company’s securities during the Class Period.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

37. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired ST securities during the Class Period (the “Class”); and were damaged upon the

revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

38. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, ST securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by ST or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

39. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

40. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

41. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;

- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of ST;
- whether the Individual Defendants caused ST to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of ST securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

42. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

43. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- ST securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and

- Plaintiff and members of the Class purchased, acquired and/or sold ST securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

44. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

45. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

46. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

47. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

48. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of ST securities; and (iii)

cause Plaintiff and other members of the Class to purchase or otherwise acquire ST securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

49. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for ST securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about ST's finances and business prospects.

50. By virtue of their positions at ST, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

51. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of ST, the Individual Defendants had knowledge of the details of ST's internal affairs.

52. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of ST. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to ST's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of ST securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning ST's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired ST securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

53. During the Class Period, ST securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of ST securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of ST securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of ST securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

54. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

55. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)

56. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

57. During the Class Period, the Individual Defendants participated in the operation and management of ST, and conducted and participated, directly and indirectly, in the conduct of ST's business affairs. Because of their senior positions, they knew the adverse non-public information about ST's misstatement of income and expenses and false financial statements.

58. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to ST's financial condition and results of operations, and to correct promptly any public statements issued by ST which had become materially false or misleading.

59. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which ST disseminated in the marketplace during the Class Period concerning ST's

results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause ST to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were “controlling persons” of ST within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of ST securities.

60. Each of the Individual Defendants, therefore, acted as a controlling person of ST. By reason of their senior management positions and/or being directors of ST, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, ST to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of ST and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

61. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by ST.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys’ fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: August 23, 2024

Respectfully submitted,

POMERANTZ LLP

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